WRS NEWS



News and information for active and retired members of the Wisconsin Retirement System

January 2012

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New Secretary, Deputy Secretary to Lead ETF

The Employee Trust Funds (ETF) Board has appointed a new ETF Secretary, Robert J. Conlin. The appointment was effective January 3. Conlin had been serving as ETF's Deputy Secretary, the agency's chief operating officer, since 2007. He succeeds David Stella, who recently retired.

Conlin is only the fourth Secretary to lead ETF since legislation merging three separate retirement systems (the Wisconsin Retirement Fund, the State Teachers Retirement System, and the Milwaukee Teachers Retirement Fund) into one public employee retirement system was enacted in 1981. He appointed Rob Marchant Deputy Secretary, also effective January 3.

Conlin has 20 years of public service experience in Wisconsin, 5 years at ETF. Prior to his 2007 appointment to Deputy Secretary, he was the agency's Director of Legislation, Communications and Planning. Before joining ETF, Conlin served as a senior staff attorney at the Wisconsin Legislative Council. A native of Durand, he holds a law degree from the University

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Market Update: 2011 Year in Review

Financial Markets Face Challenging Year; Recovery Remains Slow

— Keith Bozarth, SWIB Executive Director

To say 2011 was a challenging year for the world's financial markets would be an understatement. Across the globe, investors continued to deal with economic uncertainty and volatility. During this challenging time, the State of Wisconsin Investment Board (SWIB) earned a positive return for the Core Fund and a negative return for the Variable Fund.

The Core Fund ended the year with a preliminary return of 1.4% and the Variable Fund returned -3.0%. Both funds were ahead of their one-year benchmarks.

While the Core Fund is a fully diversified, balanced fund, stocks comprise more than

Calendar Year-to-Date Preliminary Returns as of 12/31/2011

Core Fund 1.4%
Benchmark 0.9%
Variable Fund -3.0%
Benchmark -3.6%

Preliminary Market Values

Core Fund \$71.97 billion Variable Fund \$5.19 billion

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Secretary, continued from page 1

of Wisconsin and a Bachelor's degree from St. John's University (Minnesota).

Marchant was previously the Chief Clerk and Director of Operations of the Wisconsin State Senate, a post he held since 2004. Marchant managed day-to-day operations, including budget and finance, human resources, facilities management and logistics, telecommunications, and legislative operations. He has also served as an attorney at the Wisconsin Legislative Reference Bureau and in private practice, where he provided counsel to city governments and practiced employment law and estate planning. Marchant, a native of DePere, holds a Bachelor of Science and a law degree, both from the University of Wisconsin.

Negative Core annuity adjustment possible

When Will ETF Announce Rates and Adjustments?

The State of Wisconsin Investment Board (SWIB) recently announced 2011 preliminary investment returns of 1.4% for the Core Trust Fund and -3.0% for the Variable Trust Fund. Once final investment results for the year have been determined the Department of Employee Trust Funds (ETF) will calculate the 2012 Wisconsin Retirement System (WRS) effective rates and annuity adjustments. Watch for our announcements in late February or early March.

No matter the final investment results, keep this in mind: The Core Fund is still feeling the effects of 2008's \$21 billion investment loss. This year's Core effective rate and the subsequent Core annuity adjustment will incorporate a percentage of that loss. That is because each year's Core Fund investment results are spread in equal increments over the next five years ("smoothed"). Although the Core Fund experienced investment gains in four of the past five years, the impact of 2008's investment loss is still a significant factor in this year's calculation (and will be next year as well).

Important note: 2011 legislation that affected WRS employer and employee contributions have no effect on this year's Core effective rate and Core annuity adjustment calculations. The

rates are based on: gains and losses carried forward each year from 2007; actuarial factors such as mortality, employee separation from service, disabilities, etc., and accounting factors such as carryover from the previous year and statutory adjustments to round/truncate rates.

Although a retiree's Core Fund annuity can be reduced (by repealing past increases), it can never be reduced to below the original finalized amount received at retirement. Because Variable Fund investment returns are not "smoothed," those who participate in this optional Fund experience rates and adjustments similar to actual investment performance.

Given SWIB's preliminary returns for 2011, ETF has prepared the following rate projections:

Projected Effective Rates*

Core: between 1.4% and 1.8%

Variable: between -2.0% and -4% (decrease)

Projected Annuity Adjustment Rates**

Core: between -4.0% and -4.5% (decrease) Variable: between -6% and -10% (decrease)

- * applied to employees' account balances
- ** applied to retirees' monthly payments

Sign up for ETF E-Mail Updates

ave you signed up for ETF E-Mail Updates? More than 10,000 people are keeping up on important Wisconsin Retirement System benefits-related news and information. You will hear from us when we post online newsletters and press releases, publish new videos, schedule WRS benefits presentations in your area and much more. Registration for ETF E-Mail Updates is fast, easy, and free. Look for the red envelope icon on our website at http://etf.wi.gov.

How are WRS Contribution Rates Determined?

New laws affecting Wisconsin Retirement System (WRS) required contributions have prompted questions from members. Who pays and how much? Where does the money go? Why do rates change every year? The information presented here is a brief overview of how your WRS retirement benefits are funded. With more than \$77 billion in assets held in trust, the WRS is the 9th largest public pension fund in the U.S., the 30th largest in the world and well-situated to pay its benefit promises.

First, it is helpful to understand a few basic facts:

- 1. Your WRS retirement benefit is pre-funded. The funds needed to pay your retirement benefit are paid into the system during your working years. You receive an annual *Statement of Benefits*, which shows your retirement account balance(s). Your balance receives the effective rate of interest each year until you take a benefit. This interest rate varies every year, depending on investment experience.
- 2. The funds needed to pay your retirement benefit come from two different sources: investment earnings and contributions made during your working years. Think of it as a math equation: WRS benefits paid = contributions + investment earnings. Of these sources, the biggest portion of funding for your retirement benefit comes from investment earnings. In summary, contributions and investment earnings combine to pay your lifelong retirement benefit.

Contributions: How much do I pay and how much does my employer pay? Both you and your employer pay a percentage of your salary . These are called "required contributions". The amount deducted from your paycheck and the amount paid by your employer depends on your WRS employment category. The accompanying table shows what you and your employer will pay, as a percentage of your salary, in 2012.*

Where does the money go? In the WRS, employee contributions are credited to the Employee Accumulation Reserve, which carries a separate balance for each member. Employer contribu-

2012 WRS Contribution Rates (expressed as a percentage of WRS earnings)					
Employment Category	Employee Required Contribution	Employer Required Contribution	Total Rate		
General/Teachers	5.9%	5.9%	11.8%		
Elected/Executive	7.05%	7.05%	14.1%		
Protective w/ SS	5.9%	9.0%	14.9%		
Protective w/o SS	5.9%	11.3%	17.2%		
Rates shown exclude unfunded liability and duty disability contributions, which					

Rates shown exclude unfunded liability and duty disability contributions, which vary by employer.

Reserve. The funds in these reserves are managed by the State of Wisconsin Investment Board and earn interest, based on investment performance. When a member retires, a sufficient amount of money needed to pay his or her *projected* lifetime retirement benefit is transferred from both the Employee and the Employer Reserve into a third pool of money, the Annuity Reserve. All members participate in the Core Fund and many participate in the optional Variable Fund. All three of these reserves maintain separate Core and Variable accounts for members.

3. Required contribution rates can change each year, based primarily on annual investment earnings. In general, when earnings are greater than expected, the rates the following year can be lowered. When earnings are lower than expected, rates can be increased to compensate for the shortfall. Mortality, average age and other demographic characteristics of WRS active members also affect contribution rates. At any given point in time, the total benefit obligations of the WRS should equal the available assets of the system.

Each year the WRS consulting actuary reviews the factors noted above and recommends whether to maintain or adjust contribution rates for the following year. This timing is helpful to WRS employers, who need time to prepare their budgets for the following year.

* Many WRS employers used to pay all or part of their employees' contributions, depending on compensation plans or collective bargaining agreements. 2011 Wisconsin Act 10, effective June 29, 2011, requires employees to pay their required contribution and prohibits employers from paying it on their behalf. There are some exceptions, due to collective bargaining agreements.

Department Delays Distribution of Annual Statement of Benefits

This year's distribution of active employees' annual *Statement of Benefits* will be indefinitely delayed, due to implementation of provisions of 2011 Wisconsin Acts 10 and 32. The *Statement* is the year-end summary of an employee's retirement account information, including the previous year's earnings and service, contributions to the account, interest applied, separation and death benefit amounts, beneficiary

information and retirement projections. *Statements* are usually given to employees by their employers in April. However, the process of updating accounts to reflect changes in the law will not be completed in the usual time frame. In the meantime, keep checking our website for news regarding when distribution of *Statements* will begin. We will also include an update in the May edition of *WRS News*.

Legislative Update

The September edition of WRS News covered changes to the Wisconsin Retirement System (WRS) retirement and health insurance programs administered by the Department of Employee Trust Funds (ETF) as a result of 2011 Wisconsin Acts 10 and 32. The changes include prohibiting most employers from paying employee contributions, implementing new WRS eligibility and vesting rules and, for state employees, introducing a coinsurance requirement for health insurance. Several bills that would affect the WRS have been introduced since September, but none have moved forward. As of printing deadlines, most of

the proposals concerned rules about rehired annuitants. Assembly Bills (AB) 318 and 352 would modify the rehired annuitant policy, primarily by restricting the options available to rehired annuitants who work more than half time for a WRS employer. AB 352 would also change the required break in service from the current 30 days to 180 days. The provisions of these bills would apply prospectively from the effective date. They would not affect current WRS rehired annuitants.

As with any legislative proposal, provisions are subject to change. We will continue to monitor developments and provide updates as they occur.

WRS Study: Report Due June 30



Members have asked about the study of the structure and benefits of the Wisconsin Retirement System (WRS), required by the state's

2011-2013 biennial budget. The Department of Employee Trust Funds, the Department of Administration and the Office of State Employment Relations were directed to study the impact of (1) establishing a defined contribution plan as an option for participating employees; and (2) permitting employees to not make employee required contributions and limiting their retirement benefits to money purchase annuities.

The study is due no later than June 30, 2012 and the findings and recommendations must be

reported to the Governor and the Legislature's Joint Committee on Finance.

The WRS is a well-managed, fully-funded public employee pension system. We anticipate the study will shed more light on how the WRS works, its solid financial status and how the system supports retirement security for 550,000 public employees at a reasonable cost. We also expect the study will include the effects of the specific proposals on the retirement system's financial solvency, funding mechanisms, mission and structure. Wisconsin law provides that benefits already earned cannot be modified. No legislation has been introduced that would implement either of these two features. In addition, any such changes would have to be approved by the Legislature and signed into law by the Governor, and they could only apply to the accrual of future benefits.

Information for Retirees

Keep Your Address Current

A re you moving or traveling to a warmer climate for the winter months? Remember to update your address with the postal service and ETF to ensure that our important mailings reach you in a timely manner. Send a completed "Address/Name Change" form (ET-2815) or call or write to us. Even if your monthly payment is directly deposited, you should still notify us if your address changes.

Tax Tables Updated

The Internal Revenue Service has updated the federal income tax withholding tables for 2012. WRS annuitants may see changes to their federal tax deductions beginning with the February 1, 2012 payment. Affected members will receive more detailed information from ETF.

Some Payments May Be Affected by Timing of 1st of Month

In 2012, the timing of when retired members (annuitants) will receive their payments for January, April, July, September and December may be affected because the first day of those months falls on a weekend. When that happens, your financial institution may not make your payment available until the "settlement date" (see chart at right). The settlement date is the date your financial institution actually receives the money from the Federal Reserve Bank.

If your payment is an automated deposit (ACH): Ask your financial institution how it handles deposits for ACH payments that are dated on non-business days.

If your payment is a paper check: The Wisconsin Department of Administration prints the

2012			
Payment Date	Settlement Date		
January 1	Tuesday, January 3		
April 1	Monday, April 2		
July 1	Monday, July 2		
September 1	Tuesday, September 4		
December 1	Monday, December 2		

checks and delivers them to the Post Office on the last mailing day of the month. Your actual receipt date will depend on the speed of the mail delivery. For more information, see our online explanation, "When are Annuity Payments Deposited?" Find it in the What's New Archive on our website, http://etf.wi.gov.

RETIREES' CORNER

The WRS News periodically runs brief announcements submitted by and about retiree organizations, subject to space availability and made on a first-come, first-served basis.

Wisconsin Education Association Council-Retired (WEAC-Retired)

Since its formation, WEAC-Retired has been dedicated to promoting quality education, providing retirement with dignity, and advocating for human, civil and economic rights for all. The purpose of WEAC-Retired is to provide for the economic, social and political welfare of its members and to sustain quality public school systems for Wisconsin citizens by supporting the principles and programs of WEAC. WEAC-Retired puts the interest of retired educators and public education first and has over 10,000 mem-

bers. WEAC-Retired participates in legislative advocacy on behalf of members and public education. WEAC-Retired provides a wide range of benefits including Saver's Club, attorney referrals, investment programs, access to property and casualty insurance, long term care, supplemental insurance and much more. If interested in learning more or joining WEAC-Retired, visit www.weac.org/MemberCommunities.aspx, or contact WEAC-Retired Membership at 800-362-8034, Ext. 507.

BOARD CORNER

Nominations Sought for Teachers Retirement Board Election

The Department of Employee Trust Funds (ETF) has issued a second call for nominations in an election to select a teacher to serve on the Teachers Retirement Board. Any active teacher participant in the Wisconsin Retirement System (WRS), except those employed by the Milwaukee Public School District, may compete for the vacant seat. The five-year term begins May 1, 2012.

Members of the Teachers Retirement Board provide guidance to and oversight of ETF and the WRS and have an important role in the leadership and direction of the benefit programs ETF administers. The Board meets quarterly in Madison. If you are interested in running for this seat on the Board, contact us for a nomination packet. Completed nomination papers must be received by ETF by 4:30 p.m. on Friday, February 24, 2012. To request a nomination packet in writing, contact: Board Liaison, P.O. Box 7931, Madison, WI 53707-7931. Or send an e-mail to BoardElections@etf.state.wi.us.

Retirement, Group Insurance, Deferred Compensation Board Meetings Set

The 2012 meetings of the boards of the Wisconsin Retirement System have been set. The Employee Trust Funds Board, the Wisconsin Retirement Board and the Teachers Retirement Board will meet on March 8, June 21, September 20 and December 6. The meetings take place on Thursdays, generally from 8:30 a.m. to 4:30 p.m., in the Events Room at the State Revenue Building, 2135 Rimrock Rd., Madison.

Group Insurance Board meeting dates are set for February 7, May 22, August 28 and November 13. The meetings take place on Tuesdays, generally from 8:30 a.m. to 12:00 noon, also in the State Revenue Building's Events Room.

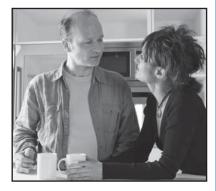
Deferred Compensation Board meetings are set for February 28, June 5 and November 6. The meetings take place on Wednesdays, generally from 1:00 p.m. to 4:00 p.m., at the Department of Employee Trust Funds, 801 W. Badger Road, Madison.

All Board meeting materials are available on the ETF website one week prior to each meeting. Go to http://etf.wi.gov/gov_boards.htm. Sign up to receive agenda items electronically via ETF E-mail Updates. To register for this free service, look for the red envelope icon on the home page of our website, http://etf.wi.gov.

New ETF Video: When Should I Retire?

Employees planning to retire at the end of a year often question whether their initial benefit would be higher if they instead waited until the beginning of the next year. There is no "one-size-fits-all" answer.

"When Should I Retire?," a new video from the Department of Employee Trust Funds, provides a detailed explanation that will help you determine the best time to retire. The program features a 10-minute introduction applicable to all members and four 8-minute individual chapters — view the one based on your personal circumstances.



A printable reference document is also available. Look for the video in our Video Library at http://etf.wi.gov/webcasts.htm.

ETF Sets Spring 2012 WRS Presentation Schedule

The Department of Employee Trust Funds (ETF) has scheduled free, public presentations for Wisconsin Retirement System (WRS) active employees, especially those considering or planning retirement in the near future. ETF specialists discuss WRS retirement, death and separation benefits, and health and life insurance benefits. Reservations are not needed. All locations are handicap accessible.

NOTE: Watch the online video of these WRS presentations from the convenience of home. Find *Your WRS Benefits* in our video library at http://etf.wi.gov/webcasts.htm.

Presentation Schedule

All presentations held 6:30 p.m. to 8:30 p.m. In the event of severe weather, listen to local radio stations for possible cancellations.

Appleton	Thurs., March 8	Fox Valley Technical College, Cafeteria/Commons, 1825 N. Bluemound Dr., Appleton
Eau Claire	Thurs., March 22	Chippewa Valley Technical College, Auditorium (Rm.103), 620 W. Clairemont Ave., Eau Claire
Hayward	Tues., April 17	Hayward High School, Auditorium, 10320 Greenwood Lane, Hayward
Janesville	Tues., April 10	Blackhawk Technical College, Cafeteria/Commons, 6004 S. County Rd. G, Janesville
La Crosse	Tues., April 24	UW La Crosse-Centennial Hall (Corner of Vine & 16th St.), La Crosse. Free parking in Lots C-2, C-3, C-7. Note: Social Security Administration presentation set for 5:00 p.m.
Marinette	Mon., March 12	Marinette High School, W.J. Jones Auditorium, 2135 Pierce Ave., Marinette
Middleton/ Madison	Wed., March 14	Middleton High School, Performing Arts Center, 2100 Bristol St., Middleton (north side of building)
Pewaukee	Tues., March 27	Waukesha County Technical College, Richard T. Anderson College Ctr., 800 Main St., Pewaukee (free parking in lots 7,8,9)
Racine	Tues., April 3	Case High School, Auditorium, 7345 Washington Ave., Racine
Wausau	Wed., April 11	Northcentral Technical College, Center for Health Sciences Auditorium, 1000 W. Campus Dr., Wausau

Tentative Fall 2012 WRS presentations set for: Fond du Lac, Green Bay, Kenosha, Madison, Milwaukee, Platteville, Rhinelander, River Falls, Superior, and Wisconsin Rapids.

Group Appointments Available

In addition to the public presentations listed above, the Department of Employee Trust Funds (ETF) offers group appointments throughout the state. In a group appointment, which is designed for members nearing retirement, an ETF benefits specialist provides an explanation of the retirement estimate, annuity options, the application process and answers questions.

Reservations are required; attendees must be within a year of minimum retirement age and have a WRS retirement estimate. To review a map showing presentations and group appointments in your area, go to Benefit Presentations under the "Members" menu of our website site, http://etf.wi.gov. To make an appointment, call ETF 1-877-533-5020 or (608) 266-3285.

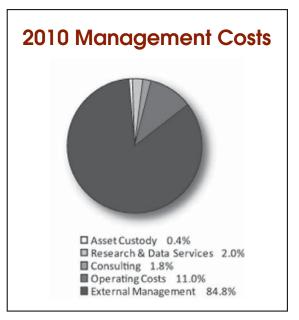
SWIB Reduces Cost of Managing State's Retirement Funds

By using its own staff to oversee more of the state's retirement funds in-house, the State of Wisconsin Investment Board (SWIB) has reduced costs to manage the Wisconsin Retirement System (WRS), when compared to other public pension funds.

CEM Benchmarking, Inc., an independent provider of benchmarking information for pension funds, attributed SWIB's comparatively lower costs to manage the Core Fund primarily to two factors: greater reliance on SWIB's staff to manage investments and paying lower rates for the outside services SWIB does utilize.

Large public pension funds that rely more on internal management tend to have lower costs and results that fair better than funds that are dependent on external managers. "One of the greatest impacts on pension funds is the difference between external and internal costs management," said Bruce Hopkins, vice president of CEM.

Since 2007, SWIB has exceeded its goal of overseeing more of the state's retirement funds in-house by increasing the share of fund assets managed internally from 21% to 55%. Over the same period, SWIB's investment costs have decreased from the peer median to well below the peer cost benchmark. Two years ago SWIB began building a stronger internal management program that is providing a significant financial benefit to the retirement system.



The chart above shows a breakdown of the total cost of management for all trust funds managed by SWIB, including those of the WRS. In 2010, the total cost for managing \$83.8 billion was \$244.4 million.

"SWIB has made significant changes over the past five years due to state policymakers authorizing increased access to new staff and technology resources," SWIB Executive Director Keith Bozarth said. "These changes have helped SWIB reach its goals of improving cost of management, strengthening the investment program and identifying new strategies to benefit system participants."

Executive Director Announces Retirement

State of Wisconsin Investment Board (SWIB) Executive Director Keith Bozarth has announced that he will retire in 2012. Bozarth will remain in his current position until a replacement is hired and for a short time thereafter, in order to provide a smooth transition.

"Under Keith's direction SWIB has accomplished a great deal, including increasing internal management of funds and revising its risk management process," Jim Senty, chair of the SWIB Board of Trustees, said. "These accomplishments have helped SWIB remain a model organization with an outstanding reputation."

Bozarth, who became executive director in 2007, said until his replacement is found he will continue to work to position SWIB for future growth and success. "SWIB is an exceptional organization," he said. "I look forward to continuing my work here until my successor is ready to take over. There are a number of significant initiatives underway and I want to make sure good progress on those initiatives is made before I leave."

The SWIB Board of Trustees is conducting a nationwide recruitment to find the agency's next executive director.

New Investment Strategies Help Manage Investment Risk During Extraordinary Times

During this extraordinarily challenging time in the financial markets and world economies, concern about investment risk is especially high. As a member of the Wisconsin Retirement System (WRS), you might be wondering just how these trying times affect the financial health of the retirement system.

Fortunately, the business of pension fund investing follows a very long time frame. For the WRS specifically, if investment returns over a long period of time exceed, by a reasonable margin, the growth of employee wages, then the assets and liabilities of the WRS will maintain a relatively stable relationship — which means current costs remain fairly stable.

With that long-term investment philosophy in place, managing investment risk — both short-and long-term — is central to our work at the State of Wisconsin Investment Board (SWIB). The primary tool for managing risk is diversification. We invest the assets of the Core Fund in a strategic mix of stocks, bonds, real estate and other assets. We work with industry consultants to choose a mix that is expected to provide the optimal amount of risk versus return through market and economic

cycles, and adjust that mix on a periodic basis.

Making investment decisions that allow us to manage and mitigate risks has served the WRS well over the decades. However, we are also incorporating other diversification strategies that will help lower stock exposure and provide more options for responding to market uncertainty. For instance, SWIB is gradually reducing the stock exposure in the Core Fund. Stocks have historically accounted for 55% to 60% of the Core Fund, but account for about 90% of the volatility in the Fund. From a long term point of view, reducing the exposure to stocks makes sense, as it will also provide some buffer during times of extreme market volatility.

Along with reduced stock exposure, SWIB is introducing a number of alternative strategies. They are briefly described below.

- Investing in low-volatility hedge funds will provide return potential somewhat less than stocks, but at much less volatility.
- Adopting a greater reliance on alternative fixed income strategies will provide better

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Market Update, continued from page 1

half of the investment. The Variable Fund is a global stock fund and includes more than just U.S. stocks. Therefore, SWIB's investments reflect the volatility of the world's stock markets.

Strong stock markets in the fourth quarter helped the Core Fund finish with positive returns after a year of ups and downs. The Standard & Poor's 500 Index reflects the volatility and uncertainty investors were dealing with in 2011. Despite finishing the year with relatively flat returns, the S&P 500 was up as much as 8.4% for the year in late April and down almost 13% in early October. International stocks were negative for the year.

To help better manage the investment risks during this extraordinary time, SWIB has

introduced alternative strategies as part of its Core Fund strategy (see above for more information). The results have been encouraging. In addition, real estate equity returns were strong at the end of 2011, showing an increase after several disappointing years. Private equity and public fixed income also reported positive returns for the year.

Investors are looking to 2012 with tempered optimism, as the world's economies continue to show uncertainty and volatility. The U.S. continues to deal with high unemployment levels and a slow economic recovery, and many questions remain regarding Europe's economic crisis. These factors will continue to affect global markets in the coming year.

Investment Strategies, continued from page 9

diversification without a substantial reduction in return potential.

- We have also created a plan to take advantage of temporary investment opportunities that provide a buffer against market declines.
- Through judicious use of options and "shorting" we can expect modest returns and enhanced protection against market decline.
- Opportunistic rebalancing of stock and bond allocations also provides another tool to adjust overall exposures.
- And in recent years, we moved to investing globally in stocks and bonds to better reflect the global economy.



There are large issues facing the global markets and economies today. It is difficult to determine just what effect, if any, these issues will have on SWIB and the WRS. However, these strategies allow SWIB to better adjust assets in response to financial markets.

Trustees Appointed; Senate Must Confirm

As of WRS News printing deadlines, Governor Walker appointed the following individuals to serve on the SWIB Board of Trustees: Norman Cummings and Lon Roberts. Cummings, Waukesha County director of administration, would replace David Geertsen as the local government member of the board. Roberts, an attorney at Ruder Ware in Wausau, would replace David Kruger as a public member of the board.

The new appointments must be confirmed by the state Senate; their terms expire May 1, 2017. Other board members include: James Senty, Thomas Boldt, David Stella, Bruce Colburn, William H. Levit, Jr. Wayne McCaffery and Mike Huebsch. The Board of Trustees consists of nine members meeting specific requirements. Members include:

- The Secretary of the Wisconsin Department of Administration or a designee;
- One member appointed for a six-year term representing a local government that

participates in the Local Government Investment Fund;

- Five public members appointed for staggered six-year terms and four having at least ten years of investment experience; and
- Two participants in the Wisconsin Retirement System (WRS) appointed for six-year terms, one a teacher participant appointed by the Teachers Retirement Board and one a non-teacher appointed by the Wisconsin Retirement Board.

Trustees have a fiduciary responsibility to act solely in the interest of WRS System members. Trustees appoint the executive director and internal auditor. Trustee responsibilities include establishing asset allocation, investment guidelines, and performance benchmarks. SWIB staff is responsible for making the day-to-day decisions about investments and operations following those policies.

2012 SWIB Board of Trustees Meetings Set

Meetings are held in the Board Room at the State of Wisconsin Investment Board, 121 E. Wilson St., Madison, unless otherwise stated. Agendas are posted the Monday before each meeting at www.swib.state.wi.us/meetings.aspx. Meeting dates for the rest of 2012 are as follows:

February 8 April 10-11 June 13 August 15 October 17-18 March 13-14 May: No Meeting July: No Meeting September 11-12 November 14 December 12

SWIB Commits to Venture Capital Investments

The State of Wisconsin Investment Board (SWIB) will commit up to \$80 million through its Venture Capital Catalyst Portfolio to Northgate Capital to access and invest in its top tier global venture capital fund relationships.

Northgate Capital, a global private equity firm headquartered in Danville, California, has over a decade of best-in-class investment and fund partnerships experience. Its founders and managing directors have developed relationships with top global venture capital partners dating back over 15 years. With these relationships, Northgate has been able to consistently access the premier venture capital funds in the industry.

"We believe the current venture environment offers an unprecedented opportunity to access top tier funds and invest in a climate with favorable valuations," Chris Prestigiacomo, SWIB Private Markets Group portfolio manager, said. "Both should translate into higher future returns that meet SWIB's fiduciary duty to Wisconsin Retirement System members."

SWIB will benefit from the investment opportunities having access to top tier venture capital funds. In addition, SWIB's knowledge of the local venture community should also open doors to capital sources outside of Wisconsin for local companies seeking funds. SWIB plans to leverage these new venture capital relationships to promote regional venture capital opportunities. As a local investor, SWIB expects to benefit from a more robust regional venture capital environment.

SWIB's venture capital initiative started in 2000. Since that time, SWIB has committed a total of \$200 million to venture capital investments through its Wisconsin Private Equity Portfolio, which focuses on venture capital partnerships active in Wisconsin and the Midwest.

What is Venture Capital?

Venture capital is investments made directly into privately-owned companies with potential for economic success. Companies include start-up firms or small businesses with perceived long-term growth potential.

Venture capital investing by its very nature carries high risk. With this risk comes the potential to generate high returns that properly compensates investors for taking such risk. A few notable and successful venture capital-backed companies are Starbucks, Apple, Google, Cisco, and Microsoft and Wisconsin companies TomoTherapy, Nimblegen, Jefferson Wells and Jellyfish.com.

SWIB has invested in private companies for decades. A venture capital initiative began in 2000. Since then, SWIB has committed a total of \$200 million to venture capital investments through its Wisconsin Private Equity Portfolio. The Wisconsin Private Equity Program is focused on venture capital partnerships active in Wisconsin and the Midwest.

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Home Sweet Home: WRS Retirees and Where They Live

State	Number of WRS Retirees	Percent of Total
Wisconsin	145,054	86.68%
Florida	3,820	2.28%
Minnesota	2,243	1.34%
Arizona	2,135	1.28%
Illinois	1,380	0.82%
California	1,182	0.71%
Texas	1,078	0.64%
Michigan	1,051	0.63%
North Carolina	524	0.31%
Other States and	7,910	4.73%
Territories		
Other Countries	280	0.17%

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Contact ETF

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